Customer Awareness - Regarding Classification of Loan Account as SMA and NPA

As per Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, the following clarifications may kindly be noted:

A. CLARIFICATION ON OVERDUE:

An amount is to be treated as overdue if it is not paid on the due date fixed by the Whizdm Finance Private Limited "Whizdm/Company" (before the Company runs the day-end process for that day). **Due Date** is the date as specified in the Repayment Schedule on which the instalment due is to be paid.

B. CLASSIFICATION AS SPECIAL MENTION ACCOUNT AND NON - PERFORMING ASSET:

As per Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025, the Company will recognize incipient stress in Customer's account, immediately on default, by classifying as Special Mention Account.

The below Illustration covers the concepts of date of overdue, classification as Special Mention Account ("**SMA**") and Non-Performing Asset ("**NPA**"), upgradation of loan account etc:

Assumptions:

- The EMI due date was 31st of March
- Customer account remains overdue for more than 90 days

Classification	Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit/overdraft	
	Number of Days Overdue	Overdue period for illustration	Number of Days Overdue	Overdue period for illustration
SMA-0	Up to 30 days	Till 30th of April	-	-
SMA-1	31-60 Days	1st of May to 30th of May	31-60 Days	1st of May to 30th of May
SMA-2	61-90	31st of May to 29th of June	61-90	31st of May to 29th of June
NPA	More than 90 days	30th of June	More than 90 days	30th of June

If the interest or principal remains overdue for a period More than 90 days, the loan account will get classified as Non-Performing Asset (NPA).

As per RBI's guidelines, the Company will flag Customer's account as overdue at the day-end processes for the due date, irrespective of the time of running such processes. The classification of Customer's account as SMA or NPA shall also be done as part of the day-end process for the relevant date. In other words, the SMA or NPA classification date shall be the calendar date for which the day end process is run.

C. UPGRADATION OF ACCOUNT CLASSIFIED AS NPA:

- Customer Account which is classified as NPAs may get upgraded to 'standard' only if entire arrears of interest and principal are paid by the Customer.
- Partial payment, i.e., payment of only interest or only one installment, shall not result in the upgradation of the loan account.
- Once a loan account is classified as NPA, it shall remain as such till the time the entire outstanding amount is repaid.

D. IMPACT OF SMA CLASSIFICATION ON CIBIL/ CREDIT REPORT

Any delinquency in the loan account as mentioned above will be reported to the Credit Information Companies (CICs) and the credit score of the customer shall get impacted adversely.